

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KENTUCKY UTILITIES)	
COMPANY FOR AN ORDER AUTHORIZING THE)	CASE NO. 95-204
ISSUE OF SECURITIES)	

O R D E R

On May 4, 1995, Kentucky Utilities Company ("KU") filed an application seeking authority to issue and sell long-term debt in the form of First Mortgage Bonds ("New Bonds") in one or more transactions during the twelve months following the Commission's Order authorizing such issuance, the aggregate principal amount of which together shall not exceed \$50,000,000 in addition to amounts previously authorized but not yet issued. The interest rate applicable to the bonds would be fixed with a maturity of not more than 40 years from the nominal date of each series.

The proceeds would be used to reduce KU's short-term debt including, but not limited to, short-term debt incurred in connection with the funding of capital expenditures authorized by the Commission in Case No. 92-005,¹ Case No. 91-115,² and Case No.

¹ Case No. 92-005, Application of Kentucky Utilities Company for a Certificate of Convenience and Necessity to Construct a Scrubber on Unit No. 1 of its Ghent Generating Station, Order dated July 24, 1992.

² Case No. 91-115, Application of Kentucky Utilities Company for a Certificate of Convenience and Necessity and a Certificate of Environmental Compatibility to Construct Four 75 Megawatt Combustion Turbine Peaking Units and Associated Facilities Scheduled for Completion in 1994 and 1995, Respectively, to be Located at the Company's E.W. Brown Generating Station in Mercer County, Kentucky, Order dated January 31, 1992.

93-474.³ KU's short-term debt is in the form of commercial paper all having maturities of between 1 and 270 days.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the issuance and sale of the above securities by KU are for lawful objects within its corporate purposes, are necessary and appropriate for and consistent with the proper performance of its service to the public, are reasonably necessary and appropriate for such purposes, and should, therefore, be approved.

IT IS THEREFORE ORDERED that:

1. KU be and it hereby is authorized to issue and sell up to \$50,000,000 of its First Mortgage Bonds in addition to amounts previously authorized but not yet issued during the twelve months following the date of this Order. The securities will be sold in a public offering which may be made directly by KU with one or more purchasers or on a negotiated or competitive bid basis with one or more underwriters, investment bankers or agents, or in a private placement transaction utilizing the proper documentation.

2. KU shall agree only to such terms and prices that are consistent with the parameters set out in its application.

³ Case No. 93-474, Application of Kentucky Utilities Company for a Certificate of Convenience and Necessity to Construct a 110 Megawatt Combustion Turbine Generating Unit and Associated Facilities Scheduled for Completion in 1996 to be Located at the Company's E.W. Brown Generating Station in Mercer County, Kentucky, Order dated May 13, 1994.


3. KU shall, within 30 days after the issuance of the securities referred to herein, file with the Commission a statement setting forth the date or dates of issuance of the securities authorized herein, the price paid, the interest or dividend rate(s), the purchasers, and all fees and expenses, including underwriting discounts or commission or other compensation, involved in the issuance and distribution and the use of the proceeds.


4. The proceeds from the transactions authorized herein shall be used only for the lawful purposes set out in the application.

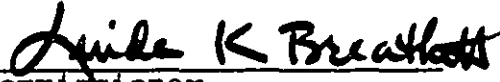
Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 5th day of June, 1995


PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director